

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OHIO COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT,)	2009-00244
FINANCE AND INCREASE RATES PURSUANT TO)	
KRS 278.023)	

O R D E R

On June 29, 2009, Ohio County Water District ("Ohio Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$19,698,850 waterworks improvement project. This project consists of the construction and installation of a new 4 million gallon per day ("MGD") water treatment plant and related appurtenances to replace the existing 2 MGD plant. Project funding consists of a \$9,198,500 loan from the U.S. Department of Agriculture Rural Development ("RD"), a \$1,500,350 grant from RD, an Economic Development Administration grant in the amount of \$1,500,000, a Kentucky Infrastructure Authority ("KIA") coal grant in the amount of \$550,000, a Green River Regional Industrial Development Authority contribution in the amount of \$450,000, a KIA Fund F loan in the amount of \$5,000,000, and an applicant contribution in the amount of \$1,500,000.

Ohio Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing

requirements were met in this case on June 29, 2009, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Ohio Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Ohio Water's proposed plan of financing with RD and KIA is accepted.
3. Ohio Water is authorized to issue its Waterworks Revenue Bonds from the RD loan in the amount of \$9,198,500 at an interest rate not exceeding 4.125 percent per annum, maturing over 40 years.
4. Ohio Water is authorized to obtain a KIA Fund F loan in the amount of \$5,000,000 at an interest rate not to exceed 1.0 percent per annum, maturing over 20 years.
5. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Ohio Water's application.
6. Notwithstanding Ordering Paragraph 5, if surplus funds remain after the approved construction has been completed, Ohio Water may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in Ohio Water's rates for service. Ohio Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
7. Ohio Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the

contract plans and specifications within 60 days of the substantial completion of the construction certified herein.

8. Ohio Water shall notify the Commission one week prior to the actual start of construction and at the 50-percent completion point.

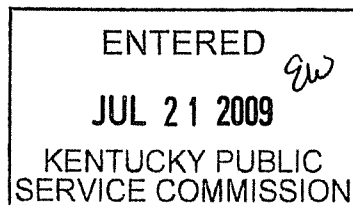
9. The rates set out in the Appendix attached hereto and incorporated herein are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Ohio Water shall file with the Commission its revised tariffs setting out the rates approved herein.

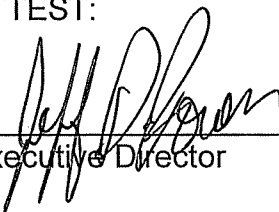
11. Three years from the date of this Order, Ohio Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00244 DATED **JUL 21 2009**

The following rates and charges are prescribed for the customers in the area served by Ohio County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Rates

First	2,000	\$21.13	Minimum Bill
Next	18,000	8.78	per 1,000 gallons
Next	30,000	7.59	per 1,000 gallons
Next	50,000	6.39	per 1,000 gallons
Next	100,000	5.20	per 1,000 gallons
Over	200,000	5.20	per 1,000 gallons
Wholesale Rate – City of Beaver Dam		\$2.68	per 1,000 gallons
Wholesale Rate – City of Fordsville		\$2.68	per 1,000 gallons

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